

Calendar No. 465

93D CONGRESS }  
1st Session }

SENATE

REPORT  
No. 93-488

## COVERAGE OF U.S. NATIONALS

NOVEMBER 9, 1973.—Ordered to be printed

Mr. McGEE, from the Committee on Post Office and Civil Service,  
submitted the following

### REPORT

[To accompany H.R. 3801]

The Committee on Post Office and Civil Service, to which was referred the bill (H.R. 3801) to extend Civil Service Federal Employees Group Life Insurance and Federal Employees Health Benefits coverage to United States nationals employed by the Federal Government, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

#### PURPOSE

The purpose of this legislation is to extend to Federally employed United States nationals coverage under both the Federal Employees' Group Life Insurance Plan and the Federal Employees' Health Benefits Plan. The Federal Employees' Group Life Insurance Act and the Federal Employees' Health Benefits Act excluded from coverage non-citizen employees of the Federal government whose permanent duty stations were outside the United States. Subsequent legislation (P.L. 91-418, effective September 25, 1970) extended this coverage to non-citizens employed in the Panama Canal Zone, but that law is silent with regard to such benefits for noncitizens or United States nationals employed in Federal agencies in other parts of the world.

By law (8 U.S.C. 1408), an individual born in a possession of the United States is a national but is not a citizen of the United States. Thus, under the provisions of existing law, noncitizen nationals receive no life insurance and health benefits coverage unless they are employed by the Federal government in the United States or in the Panama Canal Zone.

It is the Committee's view that these nationals and those to be employed in the future should receive the same benefits as are received by United States nationals in the United States and in the Panama Canal Zone.

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The Civil Service Commission estimates that there are approximately 200 United States nationals employed outside the United States by the Federal government. On the date of enactment of this measure, these nationals and all future nationals would receive such coverage.

#### COST

The Civil Service Commission advises that the additional annual cost to extend life insurance and health benefits to the employees covered would be approximately \$604,000. The House of Representatives Post Office and Civil Service Committee reports that the additional annual government cost of approximately \$300 per person would amount to a total not in excess of \$60,000 for each of the next five fiscal years.

#### AGENCY VIEWS

This bill is based upon an official recommendation of the United States Civil Service Commission, whose letters with regard to the need for this measure to the President of the Senate and to the Chairman of the Committee follow:

UNITED STATES CIVIL SERVICE COMMISSION,  
Washington, D.C., January 18, 1973.

HON. SPIRO T. AGNEW,  
President of the Senate.

DEAR MR. PRESIDENT: The Commission submits for the consideration of the Congress, and recommends favorable action on, the attached legislative proposal which provides that United States nationals who are Federal employees shall be extended the same rights and benefits as are presently provided United States citizens employed by the Federal Government.

Section 1408 of title 5, United States Code, defines nationals, in pertinent part, as follows:

Unless otherwise provided in section 1401 of this title, the following shall be nationals, but not citizens, of the United States at birth: (1) a person born in an outlying possession of the United States on or after the date of formal acquisition of such possession \* \* \*.

As originally enacted, provisions in the Federal Employees' Group Life Insurance Act and the Federal Employees Health Benefits Act (now codified as 5 U.S.C. 8701(a) (B) and 5 U.S.C. 8901(1) (ii), respectively) excluded from their coverage U.S. nationals by barring coverage of noncitizen employees whose permanent duty station is outside the United States. The question of whether as a matter of policy U.S. nationals should be so excluded came into sharp focus in 1970 when it was found that the National Oceanic and Atmospheric Administration (NOAA) at Pago Pago had permitted six American Samoan employees to participate in these programs. On April 27, 1970, the Civil Service Commission issued a bulletin (see enclosed copy of Federal Personnel Manual Bulletin No. 300-26) which determined that U.S. nationals employed by Federal agencies outside the United States are not entitled to life insurance and health benefits. As a result, these six American Samoans had their life insurance and health benefits coverage terminated.

These six American Samoan employees as well as an estimated 2,000 U.S. nationals employed by the Federal Government at permanent duty stations outside the United States. Currently American Samoa and Swains Island are the only areas under U.S. jurisdiction whose citizens are nationals rather than citizens of the United States. To the best of our knowledge, the Federal employees affected by this legislation would all be American Samoans mostly employed in American Samoa. However, we believe the draft legislation amending the laws should be general and should include those U.S. nationals now employed or someday to be employed at another duty station.

Section 3 of Public Law 91-418, effective September 25, 1970, extended coverage under the Federal Employees' Group Life Insurance and Federal Employees' Health Benefits laws to formerly excluded noncitizen employees whose permanent duty station is in the Panama Canal Zone. It would appear that U.S. nationals should be entitled to the same benefits.

Assuming the draft bill is enacted, the additional annual cost to extend life insurance and health benefits to these employees would be approximately \$604,000.

The Office of Management and Budget advises that there is no objection from the standpoint of the Administration's program to the submission of this draft bill to the Congress.

A similar letter is being sent to the Speaker of the House.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON,  
Chairman.

UNITED STATES CIVIL SERVICE COMMISSION,  
BUREAU OF RETIREMENT, INSURANCE,  
AND OCCUPATIONAL HEALTH,  
Washington, D.C., November 7, 1973.

HON. GALE W. MCGEE,  
Chairman, Committee on Post Office and Civil Service, United States Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The following information concerns the Commission's legislative proposal, submitted to Congress on January 18, 1973, and currently pending before your committee as H.R. 3801, to extend civil service Federal employees group life insurance and Federal employees health benefits coverage to U.S. nationals employed by the Federal Government.

On further discussion with the Department of the Interior, it has become apparent that due to a misunderstanding, the Commission was incorrectly advised as to the number of U.S. nationals employed by the Federal Government at permanent duty stations outside the United States. The 2,000 figure quoted in the Commission's previous letter of transmittal is believed to have included federally employed natives of the Pacific trust territories administered by the United States under the United Nations trusteeship system. That figure is considerably larger than the actual number of employees who would be affected by H.R. 3801 since natives of the trust territories are aliens

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rather than U.S. nationals. However, the exact number of nationals is unknown.

While the Commission compiles various statistical reports of Federal civilian employees by geographic location, these do not distinguish the relatively small number of U.S. nationals from other non-citizen employees. Knowledgeable sources in our San Francisco regional office report that the number of nationals federally employed outside the United States is not in excess of 200. Most of these nationals are employed at locations in the Pacific other than Samoa. There are only an estimated 50 employed on Samoa itself.

Although under the circumstances the additional annual cost to extend life insurance and health benefits coverage to these employees cannot be accurately estimated, the cost of providing these benefits would be approximately \$300 per person.

Sincerely yours,

ANDREW E. RUDDOCK, *Director.*

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law in which no change is proposed is shown in roman; existing law proposed to be omitted is enclosed in black brackets; new matter is shown in italic):

#### TITLE 5, UNITED STATES CODE

\* \* \* \* \*

#### CHAPTER 87.—LIFE INSURANCE

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#### § 8701. Definition:

(a) For the purpose of this chapter, "employee" means—

- (1) an employee as defined by section 2105 of this title;
- (2) a Member of Congress as defined by section 2106 of this title;
- (3) a Congressional employee as defined by section 2107 of this title;
- (4) the President;
- (5) an individual employed by the government of the District of Columbia;
- (6) an individual employed by Gallaudet College;
- (7) a United States Commissioner to whom subchapter III of chapter 83 of this title applies by operation of section 8331 (1) (E) of this title;
- (8) an individual employed by a county committee established under section 590h(b) of title 16; and
- (9) an individual appointed to a position on the office staff of a former President under section 1(b) of the Act of August 25, 1958 (72 Stat. 838);

but does not include—

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(A) an employee of a corporation supervised by the Farm Credit Administration if private interests elect or appoint a member of the board of directors;

(B) **[a noncitizen]** *an employee who is not a citizen or national of the United States and* whose permanent duty station is outside the United States and the Panama Canal Zone; or

(C) an employee excluded by regulation of the Civil Service Commission under section 8716(b) of this title.

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#### CHAPTER 89.—HEALTH INSURANCE

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#### § 8901. Definitions

For the purpose of this chapter—

(1) “employee” means—

(A) an employee as defined by section 2105 of this title;

(B) a Member of Congress as defined by section 2106 of this title;

(C) a Congressional employee as defined by section 2107 of this title;

(D) the President;

(E) an individual employed by the government of the District of Columbia;

(F) an individual employed by Gallaudet College;

(G) a United States Commissioner to whom subchapter III of chapter 83 of this title applies by operation of section 8331(1)(E) of this title; and

(H) an individual employed by a county committee established under section 590h(b) of title 16;

but does not include—

(i) an employee of a corporation supervised by the Farm Credit Administration if private interests elect or appoint a member of the board of directors;

(ii) **[a noncitizen]** *an employee who is not a citizen or national of the United States and* whose permanent duty station is outside the United States and the Panama Canal Zone;

(iii) an employee of the Tennessee Valley Authority; or

(iv) an employee excluded by regulation of the Civil Service Commission under section 8913(b) of this title;

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